

Message Text

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73

ACTION EB-11

INFO OCT-01 EA-11 ISO-00 SPC-03 AID-20 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 PA-04 PRS-01

USIA-15 SCEM-02 INT-08 CG-00 AGR-20 COME-00 DRC-01

/164 W

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R 080305Z JAN 74

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 2290

INFO AMCONSUL BRISBANE

AMEMBASSY JAKARTA

AMEMBASSY MANILA

AMCONSUL MELBOURNE

AMCONSUL PERTH

AMEMBASSY SINGAPORE

AMCONSUL SYDNEY

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

C O N F I D E N T I A L CANBERRA 0114

E.O. 11652: GDS

TAGS: ENRG, ETRN, AS, JA, EAGR

SUBJ: CONNOR SUMMONS OIL COMPANY HEADS

REF: CANBERRA 0064

1. ON JAN. 7, MINERALS AND ENERGY MINISTER CONNOR
SUMMONED "PRINCIPALS" OF ALL MAJOR OIL COMPANIES IN
AUSTRALIA TO MEET WITH HIM JAN. 10 IN CANBERRA TO DISCUSS
SHORTAGE OF BUNKER OIL. CONNOR SAID HE CALLED MEETING
BECAUSE OF "UNSATISFACTORY REPLIES" TO HIS EARLIER
REQUEST TO COMPANIES FOR "FULL SUPPLIES OF BUNKERING
FUEL FOR AUSTRALIAN EXPORTS, PARTICULARLY WHEAT." (REFTEL).

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2. CONNOR ALSO SAID GOA NOT PREPARED TO ACCEPT SITUATION WHERE OVERSEAS OIL COMPANIES SET ARBITRARY LIMITS ON BUNKERING FUEL AVAILABLE TO AUSTRALIA. HE CLAIMED COMPANES "COLLECTIVELY ARE SUPERIMPOSING ON ANY EXISTING RESTRICITONS OF PRODUCER COUNTRIES A FURTHER SET OF RESTRICTIONS OF THEIR OWN CHOICE." REFERRING TO LOCAL COMPANIES' REPORT TO HIM THAT THEY ARE DEPENDENT ON ALLOCATIONS OF BUNKER MADE BY PARENT COMPANIES OVERSEAS MADE IN EFFORT TO EQUALIZE EFFECTS OF OIL CUTS AMONG CUSTOMER COUNTRIES WORLDWIDE. CONNOR SAID AUSTRALIA'S ALMOST TOTAL DEPENDENCE ON OVERSEAS SHIPPING FOR DISPOSAL OF ITS EXPORTS MAKES IT POSITION WORSE.

3. EMBASSY UNDERSTANDS FROM HIGHLY RELIABLE INDUSTRY SOURCE THAT CONNOR AND HEWITT, SECRETARY, DEPT. OF MINERALS AND ENERGY, HAVE CONFIDENTIALLY THREATENED VARIOUS STEPS IF COMPANIES DO NOT PROVIDE MORE BUNKER. AMONG THESE ARE "GOVERNMENT-TO-GOVERNMENT" DEAL WITH ARABS, BLOCKING OF OUTFLOW OF REPATRIATION OF OVERSEAS OIL COMPANIES REMITTANCES FROM AUSTRALIA AND CUT-OFF OF LIQUIFIED PETROLEUM GAS (LPG) EXPORTS TO JAPAN. (CONNOR APPARENTLY BLAMES JAPANESE FOR DIVERTING TO OTHER TRADE BUNKER PREVIOUSLY OBTAINED IN JAPAN FOR SHIPS HAULING AUSTRALIAN EXPORTS.) INDUSTRY SOURCE SAID HE AND OTHER COMPANIES WOULD NOT OBJECT TO GOVERNMENT-TO-GOVERNMENT DEALS BUT DOUBT GOA REALLY ABLE TO MAKE SUCH DEALS WITH ARABS OR THAT SUCH DEALS COULD SUBSTANTIALLY ALTER SITUATION. CONNOR AND HEWITT OBVIOUSLY "THRASHING AROUND" AND "GRASPING" FOR ANYTHING WITH WHICH TO INTIMIDATE OIL COMPANIES, REFUSING TO BELIEVE THERE REALLY IS A WORLD OIL SHORTAGE. NEVERTHELESS, SOURCE CONCEDED "SOME LEGITIMACY" TO CONNOR'S COMPLAINT THAT OTHER COUNTRIES (E.G. JAPAN) ARE DIVERTING OVERSEAS BUNKER PREVIOUSLY AVAILABLE FOR AUSTRALIAN TRADE. HOWEVER, SOURCE ADDED, OIL COMPANIES OBLIGED BY CONTRACT TO SELL TO SHIPPING FIRM CUSTOMERS REGARDLESS OF SHIPS' DESTINATIONS, WHICH SHIPPING NOT OIL COMPANIES DETERMINE.

4. EMBASSY COMMENT: CONNOR OBVIOUSLY USING BUNKER SITUATION TO HARASS OVERSEAS OIL AND SHIPPING COMPANIES, WHICH HE DISLIKES. HOWEVER, IT IS NOT CLEAR HOW SERIOUS

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BUNKER SHORTAGE AFFECTING AUSTRALIAN TRADE IS OR WILL BECOME. JAN. 8 AUSTRALIAN QUOTES TRANSPORT MINISTER JONES AS SAYING HE HAS NO EVIDENCE VOYAGES TO AUSTRALIA ARE BEING CUT BACK. WITH MAIN WHEAT EXPORT SEASON OPENING, WHEAT BOARD CONCERNED THAT SHIPMENTS MAY BE DISRUPTED IF FUTURE BUNKER SHORTAGES DEVELOP, BUT APPARENTLY BOARD HAS NO EVIDENCE NOW THAT WHEAT EXPORTS HAVE BEEN DISRUPTED TO DATE. OPPOSITION COUNTRY PARTY SPOKESMAN HAS CALLED ON GOA

TO ASSURE WHEAT EXPORTS NOT PREJUDICED. CONNOR
APPARENTLY USING POTENTIAL PROBLEM TO PORTRAY OVERSEAS
OIL AND SHIPPING COMPANIES AS INDIFFERENT TO AUSTRALIA'S
EXPORT INTERESTS WHILE HE IGNORES HARD FACT OF WORLD OIL
SHORTAGE BROUGHT ON BY ARAB CUT-BACKS. THREATS TO BLOCK
OIL COMPANY REMITTANCES OR LPG EXPORTS ARE SERIOUS, BUT
IT IS DOUBTFUL THAT GOA WOULD CARRY OUT EITHER UNLESS
SITUATION REALLY BECOMES SERIOUS.
HARROP

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